

EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board Members
Emery County Fire Protection Special Service District
Castle Dale, Utah 84513


We have audited the accompanying financial statements of the governmental activities of Emery County Fire Protection Special Service District, a component unit of Emery County, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Emery County Fire Protection Special Service District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities of Emery County Fire Protection Special Service District as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2006, on our consideration of Emery County Fire Protection Special Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 7 and 24 through 25, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 22, 2006
Richfield, Utah

Emery County Fire Protection Special Service District Management's Discussion and Analysis

The discussion and analysis of Emery County Fire Protection Special Service District, or the "District" financial performance provides an overview of the District's financial activities for the year ending December 31, 2005. This report is in conjunction with the District's financial statements, which are part of this report.

The purpose of the Emery County Fire Protection Special Service District is to construct improvements for fire control and for the public health, convenience, and necessity of providing fire protection to the residents of Emery County.

Financial Highlights:

- The District owns fire trucks and equipment and provides fire protection for the County. The fixed assets are shown on the balance sheet at cost and are being depreciated over a ten year life using the straight-line method.
- At the close of the current year, the District reported unrestricted net assets of \$684,288. The District has revenue bonds payable of \$405,000, of which \$89,000 is due and payable in the next year.
- The District's revenue had decreased steadily in prior years due to two factors; 1) Coal production reported to Minerals Management Services has decreased 30% in the last few years due to a mine shutdown and other unknown reasons. Mineral lease payments are based on coal production from mines on State and Federal lands. The lease revenue is calculated by Mineral Lease Management System. 2) The Special Districts also receive lease revenues on gas production on State and Federal lands. In 2004 and 2005 total mineral lease allocations from the State increased. See the following graph which clearly demonstrates the change in mineral lease funds.
- Expenditures for the current year total \$195,697. The District has no employees. The material expenditures were, 1) depreciation of \$126,741 or 64% of total expenditures, 2) Other expenditures were \$68,956 or 36% of total expenditures.

Using This Annual Report

This discussion and analysis are intended to serve as an introduction to Emery County Fire Protection Special Service District. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with a difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Emery County Fire Protection Special Service District Management's Discussion and Analysis

Government-wide financial statements-continued.

The statement of activities present information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the year.

The district has two governmental funds, the general fund and the capital improvement fund. Both are major funds. The general fund has unreserved fund balance of \$36,164, which is available to creditors and for use in future years budgets. Unreserved fund balance is 11% of total expenditures in the general fund. The capital improvement fund is used to accumulate funds for major capital additions. The unreserved fund balance in the capital improvement fund is \$392,500.

Reporting the District as a Whole

The District realizes revenues from three sources; 1) mineral lease revenues received from the State of Utah and, 2) interest earned on invested funds, and (3) other revenues.

Contacting the District

This financial report is designed to provide the citizens with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about his report or need additional financial information, contact Board Chairman, Garth Childs, P.O. Box 907, Castle Dale, UT 84513.

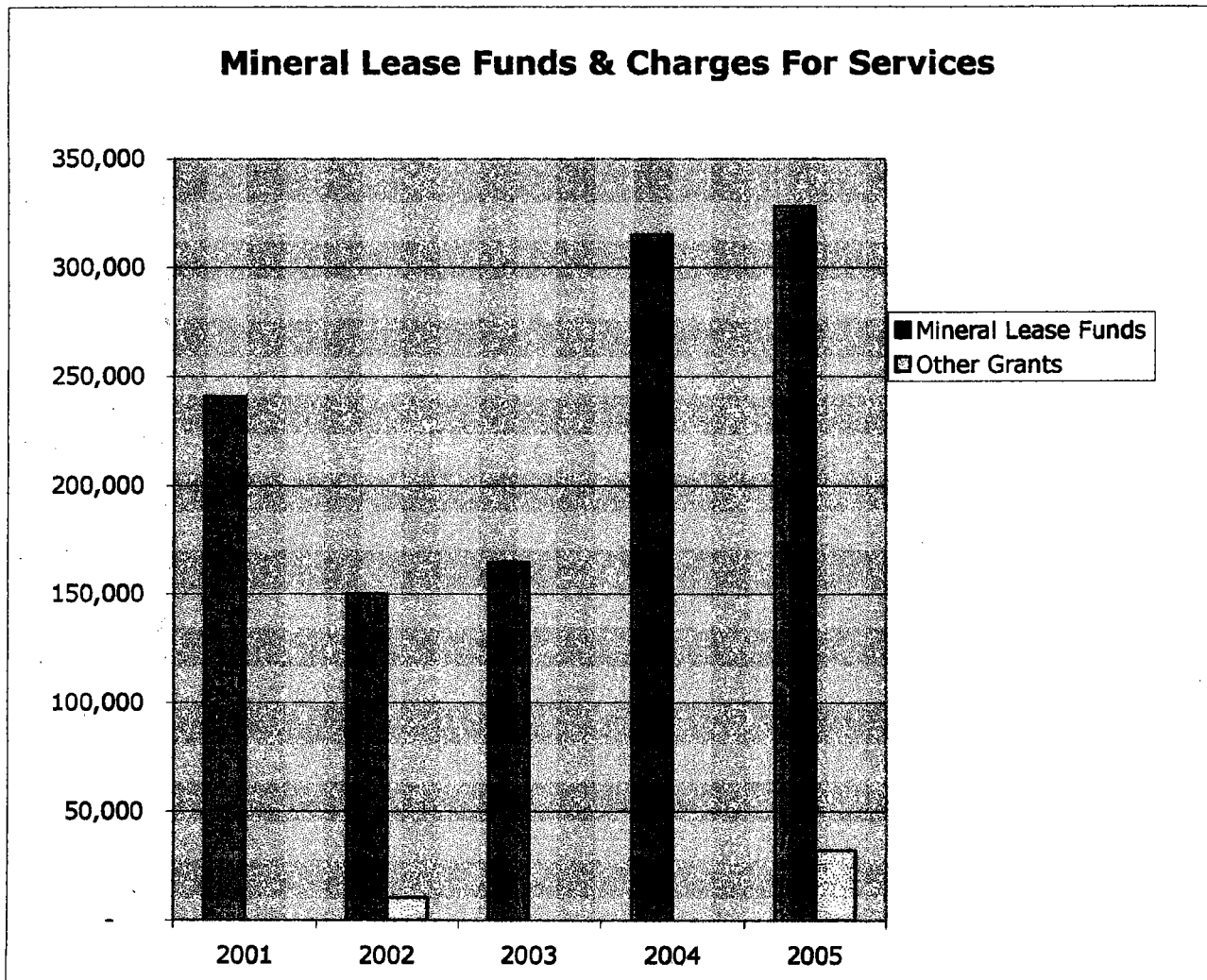
Condensed Financial Statements:

A comparative analysis is provided below for the years 2005 and 2004.

	2005	2004		2005	2004
Assets:			Revenues:		
Current	428,664	451,639	Operating Grants	360,189	314,908
Non-Current	660,624	541,865	General Revenues	19,292	10,591
Total Assets	1,089,288	993,504	Total Revenues	379,481	325,499
Liabilities:			Expenditures:		
Current	89,000	88,000	Current	68,956	372,840
Long-Term	316,000	405,000	Depreciation	126,741	111,217
Total Liabilities	405,000	493,000	Total Expenditures	195,697	484,057
Net Assets:					
Restricted	-	-	Change in Net Assets	183,784	(158,558)
Unrestricted	684,288	500,504	Beginning Net Assets	500,504	659,062
Net Assets	684,288	500,504	Ending Net Assets	684,288	500,504

**Emery County Fire Protection Special Service District
Revenue - Five Year Comparison**

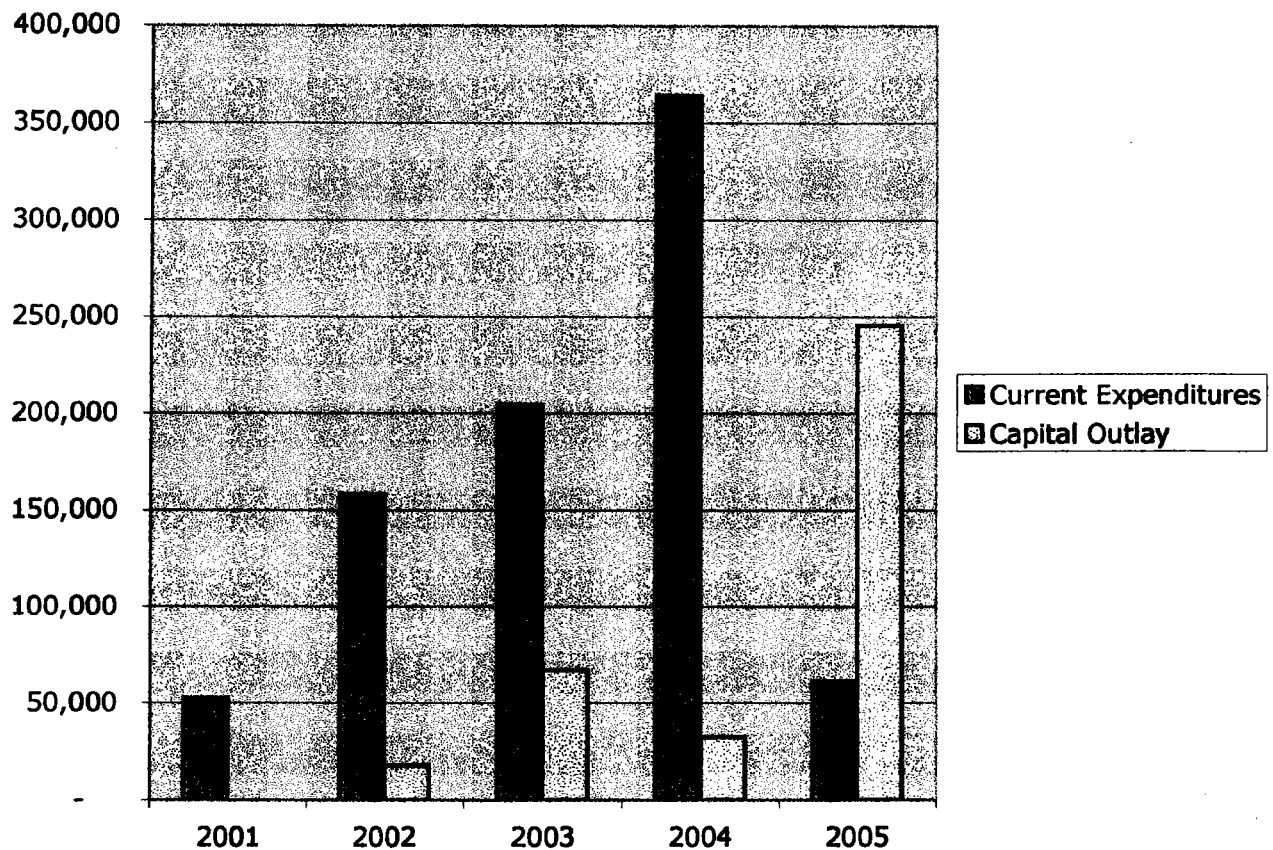
	2001	2002	2003	2004	2005
Mineral Lease Funds	241,015	150,308	164,693	314,908	328,046
Other Grants	-	10,377	-	-	32,143
Investment Earnings	27,490	15,567	10,990	10,591	19,292
Total	268,505	176,252	175,683	325,499	379,481



**Emery County Fire Protection Special Service District
Expenditures - Five Year Comparison**

	2001	2002	2003	2004	2005
Current Expenditures	52,893	158,513	204,719	363,990	61,486
Debt Service	82,775	84,000	85,000	95,850	95,470
Capital Outlay	-	17,867	67,210	32,212	245,500
Total	135,668	260,380	356,929	492,052	402,456

Current Expenditures & Capital Outlay



(This page contains no information and
is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
STATEMENT OF NET ASSETS**

December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	428,664
Capital assets (Net of Accumulated Depreciation):	
Fire Trucks	440,065
Trucks	104,399
Equipment	<u>116,160</u>
TOTAL ASSETS	<u>1,089,288</u>
LIABILITIES	
Current Liabilities:	
Revenue Bonds Payable - Due Within One Year	89,000
Noncurrent Liabilities:	
Revenue Bonds Payable - More Than One Year	<u>316,000</u>
TOTAL LIABILITIES	<u>405,000</u>
NET ASSETS	
Investment in Capital Assets, Net of Debt	255,624
Unrestricted	<u>428,664</u>
TOTAL NET ASSETS	<u>684,288</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,089,288</u></u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2005

		<u>Program Revenues</u>		<u>Net (Expense)</u>
				<u>Revenue and</u>
				<u>Changes in</u>
				<u>Net Assets</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>
		<u>Services</u>	<u>Grants/</u>	<u>Activities</u>
			<u>Contributions</u>	
Functions/Programs:				
Governmental Activities:				
Public Safety	<u>195,697</u>	<u>-</u>	<u>360,189</u>	<u>164,492</u>
TOTAL REVENUES	<u>195,697</u>	<u>-</u>	<u>360,189</u>	<u>164,492</u>
General Revenues:				
Unrestricted Investment Earnings				<u>19,292</u>
Total General Revenues				<u>19,292</u>
Changes in Net Assets				183,784
Net Assets - Beginning				<u>500,504</u>
Net Assets - Ending				<u><u>684,288</u></u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 2005

	Governmental Fund Types		
	General	Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	36,164	392,500	428,664
TOTAL ASSETS	<u>36,164</u>	<u>392,500</u>	<u>428,664</u>
LIABILITIES AND FUND EQUITY			
Liabilities	-	-	-
Fund Equity:			
Fund Balances:			
Unreserved:			
Undesignated Fund Balance	36,164	392,500	428,664
Total Fund Equity	36,164	392,500	428,664
TOTAL LIABILITIES AND FUND EQUITY	<u>36,164</u>	<u>392,500</u>	<u>428,664</u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

December 31, 2005

Total Fund Balances - Governmental Fund Types	428,664
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Fire Trucks	440,065
Other Trucks	104,399
Equipment	<u>116,160</u>

Total - Net of Depreciation	660,624
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Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Revenue Bonds Payable	<u>(405,000)</u>
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Net Assets of Government Activities	<u><u>684,288</u></u>
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**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE**

For The Year Ended December 31, 2005

	Governmental Fund Types		General
	General	Capital Projects	Fund
REVENUE			
State Mineral Lease Payment	328,046	-	328,046
Interest	19,292	-	19,292
Other	32,143	-	32,143
TOTAL REVENUES	<u>379,481</u>	<u>-</u>	<u>379,481</u>
EXPENDITURES			
Current:			
Equipment, Supplies and Maintenance	13,260	-	13,260
Office Expense	139	-	139
Insurance	46,437	-	46,437
Professional Services	1,650	-	1,650
Capital Outlay	245,500	-	245,500
Debt Service:			
Principal	88,000	-	88,000
Interest	7,470	-	7,470
TOTAL EXPENDITURES	<u>402,456</u>	<u>-</u>	<u>402,456</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(22,975)	-	(22,975)
FUND BALANCE - BEGINNING OF YEAR	<u>59,139</u>	<u>392,500</u>	<u>451,639</u>
FUND BALANCE - END OF YEAR	<u>36,164</u>	<u>392,500</u>	<u>428,664</u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(22,975)
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	245,500	
Depreciation	<u>(126,741)</u>	
Total		118,759

The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items:

Revenue Bond Principal Payments	<u>88,000</u>
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Changes In Net Assets of Governmental Activities	<u><u>183,784</u></u>
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**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Emery County Fire Protection Special Service District, a component unit of Emery County, was created January 8, 1992, by the adoption of a resolution to establish a special service district by the Emery County Commissioners for the purpose of the construction of improvements for fire control and for the public health, convenience, and necessity of providing fire protection to the residents of Emery County.

The Special Service District's Administrative Control Board consists of eleven (11) members, eight of which represent the Towns or Cities which belong to the District and three (3) at large members appointed by the Commission. Five members are appointed to a two (2) year term and six members are appointed to a four (4) year term.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District, the primary government, as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District has two funds, the General Fund and the Capital Projects Fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State revenue sources and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government. The District's only fund is the General Fund

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Equipment

10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - BUDGET PROCESS

Emery County Fire Protection Special Service District properly advertised and adopted required budgets for 2005.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 2 - BUDGET PROCESS (CONTINUED)

The District follows the budgetary practices and procedures required by State law. These requirements are summarized as follows:

1. A formal budget is adopted by the District.
2. The budget is a complete financial plan that identifies all estimated revenues and all appropriations for expenditures for the year. The budget must balance - that is estimated revenues and expenditures must equal.
3. On or before November 1, the District Manager prepares a tentative budget and files it with the Board of Trustees.
4. The tentative budget is a public record and is available for public inspection for at least ten days prior to public hearings held to consider adoption of the budget.
5. Notice of the scheduled public hearing is published at least ten days prior to the meetings.
6. Public hearing are held on the tentatively adopted budget. Members of the public may comment on the budget and recommend changes to the Board of Trustees.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

At year-end, the carrying amount of the Special Service Districts deposits was \$3,268 and the bank balance was \$21,268. All of this amount was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

Cash and investments as of December 31, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	3,268
Investments - PTIF	<u>425,396</u>
Total Cash and Investments	<u><u>428,664</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	<u><u>428,664</u></u>
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**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposit and Investment Risk:

The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the District are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the District's demand deposits were covered by FDIC insurance.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in State approved institutions.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments. For the year ended December 31, 2005, the District had investments of \$425,396 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

NOTE 4 - CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being				
Depreciated:				
Fire Trucks	1,889,000	211,500	-	2,100,500
Trucks	157,289	34,000	-	191,289
Equipment	<u>396,718</u>	<u>-</u>	<u>-</u>	<u>396,718</u>
 Total Capital Assets Being Depreciated	<u>2,443,007</u>	<u>245,500</u>	<u>-</u>	<u>2,688,507</u>
 Less Accumulated Depreciation For:				
Fire Trucks	1,602,800	91,635	-	1,694,435
Trucks	47,742	5,148	-	52,890
Equipment	<u>250,600</u>	<u>29,958</u>	<u>-</u>	<u>280,558</u>
 Total Accumulated Depreciation	<u>1,901,142</u>	<u>126,741</u>	<u>-</u>	<u>2,027,883</u>
 Governmental Activities Capital Assets (Net)	<u>541,865</u>	<u>118,759</u>	<u>-</u>	<u>660,624</u>

Depreciation allocated to the General Fund was \$126,741.

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 5 - LONG-TERM DEBT

Bonds Payable:

The District obtained financing in the amount of \$872,000 from the State of Utah Community Impact Board in 1999 for the purpose of acquiring five additional fire engines. The Series 1999A Mineral Lease Revenue Bond was issued in the amount of \$407,775 with 0% interest.

The following is a schedule of debt service payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	41,000	-	41,000
2007	41,000	-	41,000
2008	41,000	-	41,000
2009	40,000	-	40,000
2010	40,000	-	40,000
Total	<u>203,000</u>	<u>-</u>	<u>203,000</u>

The Series 1999B Mineral Lease Revenue Bond was issued in the amount of \$464,225 with 3% interest. Payment is due at year end so there is no accrued interest payable.

The following is a schedule of debt service payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	48,000	6,060	54,060
2007	50,000	4,620	54,620
2008	51,000	3,120	54,120
2009	53,000	1,590	54,590
Total	<u>202,000</u>	<u>15,390</u>	<u>217,390</u>

The following is a five year summary to debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	89,000	6,060	95,060
2007	91,000	4,620	95,620
2008	92,000	3,120	95,120
2009	93,000	1,590	94,590
2010	40,000	-	40,000
Total	<u>405,000</u>	<u>15,390</u>	<u>420,390</u>

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a statement of changes in Long-Term Debt:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
CIB Revenue Bonds	249,000	-	47,000	202,000
CIB Revenue Bonds	<u>244,000</u>	<u>-</u>	<u>41,000</u>	<u>203,000</u>
	<u>493,000</u>	<u>-</u>	<u>88,000</u>	<u>405,000</u>

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Utah Local Governments Trust. The insurance coverage's are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

Liability:

The District is insured for \$2,000,000 combined single limit with a \$1,000 deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$1,000,000 aggregate each policy period with a \$0 deductible each accident.

Automobile Liability:

The District is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with a \$1,000 deductible each accident. Property damage \$0 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

The District has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three calendar years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance, January 1	<u>59,139</u>	<u>59,139</u>	<u>59,139</u>	<u>-</u>
Resources (Inflows):				
Intergovernmentals:				
State Mineral Lease	225,000	328,000	328,046	46
Interest	8,000	17,500	19,292	1,792
Other	-	-	32,143	32,143
Use of Fund Balance	<u>132,000</u>	<u>112,550</u>	<u>-</u>	<u>(112,550)</u>
Total Intergovernmental	<u>365,000</u>	<u>458,050</u>	<u>379,481</u>	<u>(78,569)</u>
Amounts Available for Appropriation	<u>424,139</u>	<u>517,189</u>	<u>438,620</u>	<u>(78,569)</u>
Charges to Appropriations (Outflows):				
General Government:				
Public Notices	300	300	83	217
Office Expense	200	250	56	194
Supplies and Maintenance	54,000	15,000	13,855	1,145
Professional and Technical	1,500	2,000	1,650	350
Insurance and Bonds	500	500	304	196
Insurance - Auto Liability	21,500	22,000	21,584	416
Insurance - Auto Physical Damage	20,000	25,000	24,549	451
Special Department Equipment	167,000	77,000	72,489	4,511
Vehicles - Fire Trucks	-	216,000	172,416	43,584
Bond Principal	88,000	88,000	88,000	-
Bond Interest	<u>12,000</u>	<u>12,000</u>	<u>7,470</u>	<u>4,530</u>
Total Charges to Appropriations	<u>365,000</u>	<u>458,050</u>	<u>402,456</u>	<u>55,594</u>
Budgetary Fund Balance, December 31	<u><u>59,139</u></u>	<u><u>59,139</u></u>	<u><u>36,164</u></u>	<u><u>(22,975)</u></u>

EMERY COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

For The Year Ended December 31, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	438,620
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(59,139)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>379,481</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	402,456
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>402,456</u></u>

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COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board Members
Emery County Fire Protection Special Service District
Castle Dale, Utah 84513

We have audited the financial statements of the governmental activities of Emery County Fire Protection Special Service District, a component unit of Emery County, as and for the year ended December 31, 2005, which collectively comprise Emery County Fire Protection Special Service District's basic financial statements and have issued our report thereon dated May 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered Emery County Fire Protection Special Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emery County Fire Protection Special Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Honorable Board Members
Emery County Fire Protection Special Service District
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This report is intended solely for the information and use of the audit committee, management, and board members and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 22, 2006
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board Members
Emery County Fire Protection Special Service District
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the governmental activities of Emery County Fire Protection Special Service District, a component unit of Emery County, for the year ended December 31, 2005, and have issued our report thereon dated May 22, 2006. As part of our audit, we have audited Emery County Fire Protection Special Service District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2004. The District received the following major State assistance program from the State of Utah:

Mineral Lease (Department of Transportation)

Our audit also included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Other Compliance Requirements


The management of Emery County Fire Protection Special Service District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

The Honorable Board Members
Emery County Fire Protection Special Service District
Page -2-

In our opinion, Emery County Fire Protection Special Service District, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 22, 2006
Richfield, Utah